Agreement to make Bofors Gun in India

2143! SHRI VAYALWR RAVI: Will the Minister of DEFENCE be pleased to state:

(a) whether Government made an agreement to make the Bofors gun in India;

(b) whether Government made any negotiation for advance technology for the gun production; and

(c) if so, the details thereof?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) to (c) A contract dated 24.3.1986 was concluded with M/s A.B. Bofors, Sweden for procurement of 410 nos. of 155mm FH 77B Gun System with accessories and ammunition. In addition, a license agreement was also concluded on the same date with the said company for the license manufacture of the systems in India.

The Gun Systems under the supply contract were received and introduced in service. However, before indigenous production could be launched, there were certain allegations regarding illegitimate payments to various persons. Thereupon, on 31.1.1990 it was decided that no further steps will be taken to operationalise the license production agreement until Borors reveals the names and full details of recipients and returns the amounts paid.

In June, 1999, the ban placed on M/s A.B. Bofors in the light of the impact and the changed situation, was re-examined and it was decided that without prejudice to the ongoing investigations, actions due and reserving to Government the right to be reimbursed amounts illegitimately paid, the embargo placed on M/s Bofors need not visit the successor company, the present Celsius of Sweden which is state controlled and unconnected with institutions that owned M/s A.B. Bofors.

No final decision has yet been taken by the Government regarding the 155mm 45 calibre gun offered by M/s Celsius for trials in May, 2000 nor any negotiation held with the company.